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AUSTR DELANEY REMARKS POLICY RESEARCH INSTITUTE (PRI) TUESDAY, OCTOBER 20, 2009

Dr. Ahsan Mansur and Dr. Zaidi Sattar, of PRI,

Ladies and Gentlemen,

Thank you very much for your warm welcome. Indeed, I have been warmly welcomed in all my meetings here in Dhaka. I am truly enjoying my experience of your famous Bangladeshi hospitality.

I have just come from a lively discussion with businessmen at the American Chamber of Commerce in Bangladesh. The dynamism of business here was amply demonstrated in the probing questions posed by Chamber members.

We discussed at length the proposed U.S.-Bangladesh TIFA, a topic I would like to discuss further here at PRI. But before I do that, I thought I would start out by speaking briefly about President Obama's trade policy priorities.

President Obama's trade agenda reflects our respect for entrepreneurship and market competition, our environment, opportunity for all, and the rights of workers. It works to benefit American workers and their families, along with increasing the well being of those living in the poorest regions of the world.

Our trade agenda seeks to:

- Support a rules-based trading system;
- Advance the social accountability and political transparency of trade policy;
- Make trade an important policy tool for achieving progress on national energy and environmental goals;
- Make sure that trade agreements are addressing the major unresolved issues that are responsible for trade frictions;
- Build on existing Free Trade Agreements and Bilateral Investment Treaties in a responsible and transparent manner; and
- Uphold our commitment to be a strong partner to developing countries, especially the poorest developing countries.

We believe that free and fair trade with a proper regard for social and environmental goals and appropriate political accountability will foster global well being.

It is the U.S. commitment to developing countries that brings me to Bangladesh this week. While here I hope to make progress on initiatives that will expand U.S.-Bangladesh trade and investment relations. One of these initiatives is our proposed Trade and Investment Framework Agreement, or TIFA.

TIFAs can yield many direct benefits. A U.S.-Bangladesh TIFA would serve as a forum for government and business representatives from our two nations to discuss economic issues of mutual interest. Its objectives include improving cooperation and enhancing opportunities for trade and investment.

The United States has already signed TIFAs with more than 30 trading partners, including Pakistan, Sri Lanka, Afghanistan, a grouping of Central Asian nations and ASEAN. We would like Bangladesh to be our next TIFA partner.

Under the TIFA we will create a Trade and Investment Council where representatives of our two governments meet at regular intervals, typically once a year, to discuss issues of mutual interest. The council would also consult with the private sector to ensure business interests from both countries were represented.

A TIFA would further enhance strong annual two-way trade between Bangladesh and the United States. Trade between our nations amounted to \$4.2 billion last year. At a time when global trade was faltering, Bangladesh apparel exports to the United States grew by 11 percent. We remain your single largest export market.

The Minister of Commerce and I had very productive talks yesterday regarding the TIFA. Along with my colleagues at the U.S. Embassy, we at the U.S. Trade Representative's Office look forward to further talks and, ultimately, to signing an agreement with the Government of Bangladesh.

Another important issue I discussed with my Government of Bangladesh counterparts gets at the heart of President Obama's trade policy. That is worker rights. The Office of the U.S. Trade Representative is currently reviewing Bangladesh's progress on labor issues following the submission of a petition by the AFL-CIO to suspend Bangladesh's benefits under the Generalized System of Preferences, or GSP.

Bangladesh has made real progress in addressing concerns outlined in the petition, particularly regarding child labor and the rights of workers in Export Processing Zones. We hope to see further progress on worker rights in the EPZs and in the apparel sector.

President Obama and U.S. Trade Representative Ron Kirk firmly believe that adequate protection of the status, conditions and compensation for workers is a key component of a healthy global trading system. Bangladesh has demonstrated its resilience in the face of the global economic crisis. I am confident Bangladesh will remain resilient even as it expands benefits for the workforce that is at the root of its trade success.

We are keen to resolve the outstanding GSP petition to guarantee Bangladesh the chance to expand its use of GSP benefits. By using GSP benefits more effectively Bangladesh can increase its exports to the United States almost immediately. GSP allows Bangladesh to export certain goods to the United States with low, or no, duties.

We always hear pleas to provide Bangladesh with duty free access to the United States for ready-made garments. I wish as much energy was spent seeking ways to better utilize Bangladesh's GSP benefits in the U.S. market. Despite the fact that Bangladesh could export 4,800 different products with little or no duty under GSP, Bangladesh only exported 330 GSP-eligible products to the United States in 2008. These products represented \$21.6 million in exports, or only 0.6 percent of all Bangladesh exports to the United States that year.

I know what you're thinking. How many of those 4,800 items does Bangladesh actually produce and export? I think you'd be surprised. There are many goods Bangladesh produces that it could export to the United States under GSP. My favorite example is porcelain, or china. Under GSP, Bangladesh can export to the United States porcelain or china table and kitchenware duty free. Bangladesh already exports china to the United States, but I would argue that, given the strength of the porcelain sector here, Bangladesh should actively seek new buyers for its china and increase exports in this area.

GSP benefits focus on products that are less successful in getting into the U.S. market. We all know it is in Bangladesh's interest to diversify its exports. The GSP program can help you to do that. I urge Bangladesh businessmen and policy makers to examine the list of goods that enjoy GSP benefits and seek new U.S. markets for Bangladesh exports.

It is a time of great promise in the U.S.-Bangladesh economic relationship. Now is the time to deepen our already strong trade and investment relations. I look forward to hearing your suggestions on how we can best do that. I greatly appreciate the Policy Research Institute's contribution in providing a forum for such an important discussion.

Thank you.

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**As prepared for delivery*

GR/ 2009